

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6174

BILL NUMBER: HB 1042

NOTE PREPARED: Feb 12, 2009

BILL AMENDED: Feb 9, 2009

SUBJECT: Board of Public Works and Safety.

FIRST AUTHOR: Rep. Duncan

FIRST SPONSOR: Sen. Leising

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Board of Public Works and Safety*- The bill allows the board of public works and safety of a third class city to consist of three or five members (as determined by the mayor).

Annexation- The bill adds Wabash County to the counties that may annex noncontiguous property to be used as an industrial park.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Board of Public Works and Safety*- Third class cities currently paying members for board service could have an increase in expenditures to cover the salary per diem of the new members.

(Revised) *Annexation*- Municipal legislative bodies in Wabash County would be allowed to annex noncontiguous territory where the entire area is not more than two miles from municipality boundaries. The annexed territory would have to be used for an industrial park containing one or more businesses. The territory must be owned by either the municipality or an annexation-consenting property owner. If the annexed area(s) did not have an established industrial park within five years after the annexation, the territory would revert to its previous jurisdiction, if existing, or the defunct jurisdiction's successor.

Background: A third class city is defined in the Indiana Code as a city with a population of less than 35,000 persons. A poll of third class cities found that several boards of public works and safety, but not all, pay their appointed members for their service. Four cities reported annual salaries for appointed members ranging from approximately \$1,000 to \$8,000 per year.

Generally, when an annexation is approved, services are extended to the annexed area. The annexing municipality would increase expenditures to provide those services, which may include police, fire, trash pick-up, and sewer/water services.

Explanation of Local Revenues: (Revised) *Annexation-* Generally, when services are extended during an annexation, the municipal property tax levy is extended to the newly annexed property owners. Therefore, assuming the cost to extend services is roughly equal to the property taxes levied on the annexed property owners, the tax burden on the existing citizens should be unchanged. However, if services can be extended for less than the amount of taxes collected from the new residents, the property taxes of the existing citizens could decline.

State Agencies Affected:

Local Agencies Affected: Third class city boards of public works and safety; Municipalities in Wabash County.

Information Sources: Various third class cities.

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